

2 MAY 1969


Miss Naomi R. Sweeney
Office of Assistant Director
for Legislative Reference
Bureau of the Budget
Washington, D. C. 20503

Dear Miss Sweeney:

This is in response to your request of 16 April 1969 for the views of this Agency on the State Department draft bill "To amend the Military Personnel and Civilian Employees' Claims Act of 1964, as amended, with respect to the settlement of claims against the U. S. by civilian officers and employees for damage to, or loss of, personal property incident to their service."

The Central Intelligence Agency is in favor of the proposed legislation.

25X1A Sincerely,



John M. Maury
Legislative Counsel

Distribution:

- Orig. & 1 - Addressee
- 1 - Subject - BOE
- 1 - Chrono

OLC/LLM:rw (1 May 69)

On file OMB release instructions apply.

CRC, 9/24/2003

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JOURNAL

OFFICE OF LEGISLATIVE COUNSEL

Wednesday - 30 July 1969

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1. [] Mr. William Harrison, BOB, called requesting the Agency's position on the proposed amendments to the Military Personnel and Civilian Employees Claims Act. I told him that the Agency was in favor of raising the monetary ceiling and had so indicated to BOB in a letter dated 2 May 1969. I also told him that we had received a similar call from BOB about six weeks ago and had told the caller that if they could not locate our original letter we would be pleased to send a copy and the caller said she would let us know. I agreed to send a copy of the letter so that it could be on record in their file.

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2. [] DIA, called to obtain clearance to send a DDI Intelligence Memorandum concerning Indo-Pakistani relations (No. 1886/69) to a Congressman Long. It was agreed that Mr. [] did not have sufficient facts at his disposal and that he would have the originator of the request call me. I told Mr. [] that our general policy was against sending such material to the Hill and that if it was appropriate for our material to get involved we would prefer to present it in person orally.

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3. [] In keeping with the request yesterday of Representative John O. Marsh (D., Va.), met with Mr. [] a GSA guard interested in transferring to assignment at the Headquarters Building. Mr. [] Security, offered to do everything possible to facilitate [] consideration by this Agency. [] was appreciative, although he is still somewhat put out because GSA had apparently lost the papers he had prepared several months ago for this same purpose. This closes out the case with Marsh's office, at least for the time being.

4. [] Talked to Mr. George Murphy, Deputy Director, Joint Committee on Atomic Energy, as a followup to his call on Monday and confirmed that in a press conference of 14 March 1969 the President had indicated that the Soviets have 67 missile ABM sites deployed around Moscow. (See Journal item of 28 July.)

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Journal - Office of Legislative Counsel
Monday - 16 June 1969

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9. [] Received a call from Miss Niemi, Executive Secretary to Senator Ted Stevens (R., Alaska), who was trying to locate a Mr. [] who is an Agency employee. Mr. [] was contacted and will call Miss Niemi.

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10. [] In response to a request from Mr. Ralph Preston, House Appropriations Committee staff.

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11. [] The transcript of the Director's testimony before the Gore Subcommittee on International Organization and Disarmament Affairs of 23 April was forwarded to the Foreign Relations Committee for their use and return to the Agency at the end of the day.

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12. [] Delivered to Patricia Nemore, on the staff of the Senate Subcommittee on Administrative Practice and Procedure, a list of the board of directors of CIDES which she had previously requested on behalf of Senator Edward Kennedy (D., Mass.).

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13. [] Discussed with Representative James Haley (D., Fla.) his request for background information on a purported Communist document published in Germany in 1919. I told Haley that we had been unable to locate this particular document although we could not say that it does not exist because there was a great volume of this type of material published in Germany at this time. I suggested that if he could get additional background information from the newspaper editor who published it he might be able to locate it in the Hoover Library of War and Peace at Stanford University. Haley was most appreciative of our effort.

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14. [] Peggy Boose, in Mr. Zafra's office, BOB. called in connection with their 16 April 1969 request for views on a draft bill to amend the Military Personnel and Civilian Employees' Claims Act of 1964, as amended. I informed her that we had replied on 2 May 1969 and to let us know if she could not locate it.

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2 MAY 1969

MEMORANDUM FOR THE RECORD

SUBJECT: Proposed Legislation to Amend the Military Personnel and Civilian Employees' Claims Act of 1964, as Amended (PL 88-558 as Amended by PL 89-185)

1. A legislative referral memorandum, dated 16 April 1969, from the Bureau of the Budget has requested the views of this and other civilian agencies concerning a State Department draft bill to amend the Claims Act of 1964. Briefly, enactment of the bill would raise to \$10,000 the current \$6,500 maximum authority of a civilian agency to settle and pay a claim. As a retroactive provision, a claim settlement heretofore limited to \$6,500 solely due to that maximum may be reconsidered upon claimant's written request within 1 year from date of enactment.

2. The Support Operations Staff/DDG forwarded a copy of the bill on 29 April 1969 requesting telephonic response as soon as possible. This was done immediately, orally, relaying our concurrence. We further pointed out that Agency claims adjudged meritorious in an amount exceeding \$6,500 may be allowed by the DDCI under the Director's special authority related to the unique mission of the Agency [REDACTED]. All claims are now paid from confidential funds for security and cover reasons; names of all claimants and settlements are designated not reportable to the Congress, per DDC 67-5339 dated 20 October 1967.

3. It may be stated that virtually all Agency personnel claims adjudicated by the Headquarters Board of Survey involve some aspects of Agency relationships, security/cover factors, sensitive operational situations or other unique/unusual circumstances. Those aspects have a considerable bearing in settlement of each case upon its merits and broadly reasoned judgment, in a manner that would be fair to the particular claimant. All claims and settlements thereof are classified SECRET, or higher in a few instances. These are the principles underlying the Agency's implementation of the Claims Act's authority with its special authority.

4. The Board has been aware that State would propose raising the claim maximum for civilian agencies to the same maximum that the military services had received in 1965 under PL 89-185. In addition, the Army Claims Headquarters at Fort Holabird advised on 14 March 1969 that it is sponsoring legislation to delete the requirement that annual reports of claimants' names and settlements be made to the Congress. Both

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SUBJECT: Proposed Legislation to Amend the Military Personnel and Civilian Employees' Claims Act of 1964, as Amended (PL 88-558 as Amended by PL 89-185)

proposals have been discussed favorably and informally with the sponsors. In view of additional authority connected with the nature of the Agency, we cautiously chose not to be a sponsor or active party to the proposals. We feel, however, that both proposals would obviously be beneficial to the Agency's interests.

5. Enactment of the retroactive proposal would create no problem. Records of the Board indicate that only four cases were favorably considered in the amount of \$6,500 up to approximately \$12,000, since the 31 August 1964 effective date of the Claims Act. Two of these cases, concerning evacuations, were allowed in full approximate amount of net loss after depreciation. Settlement of another was satisfactorily supplemented by a court settlement of the claimant's lawsuit against a responsible company. The other case approved a Chief of Station recommendation to allow a staff employee \$6,500 for fire loss in quarters, after the cover organization disallowed the claim. In the latter, we estimated that would be the fair allowable net amount of loss after depreciation and allowance standards. (We resolved that case in favor of the claimant on a reasonable doubt that his servant's negligence had caused the fire.) Further, of State's 18 cases that would have been payable in excess of \$6,500 except for that maximum, State has advised that none concern our interests.

6. Finally, it may be worthy of note that civilian agencies would still be subject to any policies the President may prescribe. In the event the Bureau of the Budget should consider implementing this at some time, it is felt that this Agency would be highly interested.

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Signed:

Claims Reviewing Officer
Headquarters Board of Survey

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Distribution:

- Orig & 1 - HBS Official w/background
- 1 - SOS/DDS
- ✓ 1 - Legislative Counsel
- 1 - HBS Chrono
- 1 - HBS Hold

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HBS: (2 May 1969)

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29 April 1969

NOTE FOR THE FILE:

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[] DD/S, stopped by today to advise that in reply to our request for comments on an Agency position regarding the draft bill "To amend the Military Personnel and Civilian Employees' Claims Act of 1964, as amended," they have no objections.

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[]

EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

WASHINGTON, D.C. 20503

April 16, 1969

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer

Agriculture	OEO	Labor
AID	GSA	NASA
AEC	HEW	Post Office
CIA	HUD	DOT
Commerce	USIA	VA
CSC	Interior	Treasury
Defense	Justice	

SUBJECT:

State Department draft bill "To amend the Military Personnel and Civilian Employees' Claims Act of 1964, as amended, with respect to the settlement of claims against the U.S. by civilian officers and employees for damage to, or loss of, personal property incident to their service."

The Bureau of the Budget would appreciate receiving the views of your agency on this subject before advising on its relationship to the program of the President.

(x) In order to permit expeditious coordination and clearance in accordance with Circular A-19, it is requested that your reply be made within thirty (30) days.

() Special circumstances require that this be handled as a priority matter and that your views be received.

Questions should be referred to John Holden, Bureau of the Budget, code 103, extension 3824.

Naomi R. Sweeney

Naomi R. Sweeney, For
Assistant Director for
Legislative Reference

Enclosures
State draft bill

A B I L L

To amend the Military Personnel and Civilian Employees' Claims Act of 1964, as amended, with respect to the settlement of claims against the United States by civilian officers and employees for damage to, or loss of, personal property incident to their service.

Be it enacted by the Senate and House of Representatives
of the United States of America in Congress assembled, That
Section 3(b)(1) of the Military Personnel and Civilian Employees' Claims Act of 1964, as amended (78 Stat. 767 as amended by 79 Stat. 789), is amended by striking out "\$6,500" and inserting in place thereof "\$10,000".

SEC. 2. Section 1 of this Act is effective August 31, 1964, for the purpose of reconsideration of settled claims as provided in this section. Notwithstanding section 4 of the Military Personnel and Civilian Employees' Claims Act of 1964, or any other provision of law, a claim heretofore settled in the amount of \$6,500 solely by reason of the maximum limitation established by section 3(b) of the Military Personnel and Civilian Employees' Claims Act of 1964, as amended, may, upon written request of the claimant made within one year from the date of enactment of this Act, be reconsidered and settled under the amendment contained in section 1 of this Act.

EXPLANATION

Purpose

The purpose of the proposed legislation is to amend the Military Personnel and Civilian Employees' Claims Act of 1964 as amended to (1) increase the present authority for the settlement of claims for personnel of agencies, other than the Department of Defense, the military departments and Coast Guard, for personal property losses incident to their service, from \$6,500 to \$10,000, and (2) permit reconsideration, retroactive to August 31, 1964, of any claim heretofore settled and paid in the amount of \$6,500 solely because that was the maximum amount authorized under existing law.

History

Although the legislative history of payment of employee claims dates back to April 9, 1816, with enactment of the Military Personnel Claims Act, the Department of Defense, the military departments and the Coast Guard were the only agencies with authority to pay personnel claims prior to 1964. The Military Personnel and Civilian Employees' Claims Act of 1964 extended the coverage of claims statutes to civilian officers and employees of all Government agencies, subject to the same \$6,500 limitation previously in existence for the military agencies.

The 1965 amendment to the Military Personnel and Civilian Employees' Claims Act of 1964 (79 Stat. 789) increased the claims settlement authority of the Department of Defense, the military departments and the Coast Guard to \$10,000 but retained the \$6,500 limitation for the civilian agencies. The increase in authority for the military departments and not the civilian agencies was due to the short history of the exercise of the claims authority by the civilian agencies and it was felt that any question of increase of existing authority should be deferred until the various agencies had developed procedures and have had a longer period of experience in administration of this claims settling authority (H. Rept. 382, S. Rept. 655, 89th Congress, 1st Session).

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Justification

The justification submitted in support of the 1965 amendment is equally applicable to Government agencies other than the military departments and the Coast Guard. The monetary limitation of \$6,500 is unrealistic and unduly restrictive in terms of the present cost of household goods and personal effects reasonably in an employee's possession should a total or near total loss be incurred, imposes a great hardship on certain claimants who are victims of catastrophic losses, and leads to an increase of private relief legislation. Only a small percentage of the total number of claims which arise involve circumstances causing total loss of personal property.

The civilian agencies have now had claims settlement authority for over four years. Within the Department of State the implementing program, administering the claims authority jointly with the Agency for International Development (AID) and the United States Information Agency (USIA), has been operational for over three years. The joint regulations promulgated by State, AID and USIA are in accordance with the statements made in House Report No. 460 of the 88th Congress that the experience of the military departments would serve to establish guidelines and standards. The provisions of our regulation are similar to those of the military departments; the uniform depreciation allowance list developed by the military departments as a guide to adjudicating claims is used by the Department; and the policy set by the military departments as to maximum amounts allowable on categories of items such as photographic equipment, paintings, silverware and major appliances has also been adopted by the Department.

From the August 31, 1964 effective date of the Military Personnel and Civilian Employees' Claims Act of 1964 to December 31, 1968, the joint State/AID/USIA program settled some 1,230 claims in an amount slightly in excess of \$800,000. Although most claims are settled for less than \$1,000, often for only a few hundred dollars, a small percentage of claimants have not received full reimbursement for their losses since they exceeded the \$6,500 limitation. Only eighteen claims have been determined to be

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payable in excess of \$6,500 but for the statutory monetary limitation. One of the eighteen claimants has received total reimbursement of \$10,000 through private relief legislation (Slator C. Blackiston, Jr., Private Law 90-348, 90th Congress, October 12, 1968).

Personnel of civilian agencies with claims prior to 1964 could receive ultimate recovery by requesting the Congress to enact private relief legislation. The same has been true for claims after 1964 for amounts in excess of \$6,500. The authority granted by Congress through enactment of the Military Personnel and Civilian Employees' Claims Act of 1964 relieved the Congress of much of the burden associated with processing private relief legislation. A new limitation of \$10,000 applicable to the civilian agencies, with the retroactive provision, would provide further relief from processing private relief bills. It would also permit a more expeditious settlement in those cases where a total loss occurs and the employee is faced with circumstances of extreme hardship. The increase in the ceiling to \$10,000 was made retroactively effective to August 31, 1964 for the military agencies by the 1965 amendment. The proposed legislation would permit application of the \$10,000 ceiling retroactively to this same date for the civilian agencies.

The losses in excess of \$6,500 have resulted primarily from the catastrophic type loss involving total loss or damage to the employee's personal effects. Most have resulted from hostile activities or abandonment resulting from emergency evacuation in the Middle East, Nigeria and the Congo within the past two years. A few of these total losses occurred during shipment of household effects as a result of vessel wreckage or other severe transportation hazard.

These claims for substantial losses, as is also true with most claims processed, stem from losses incurred in overseas areas or in conjunction with the movement or storage of personal effects authorized at Government expense for service-directed assignments to, from or between overseas posts of duty.

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The purpose of the Military Personnel and Civilian Employees' Claim Act of 1964 was to extend to other agencies of the Government the authority possessed by the military departments to settle employee claims for loss or damage of personal property when the loss or damage is incident to their Government service. The need for such legislation was clearly recognized. The proposed legislation seeks to provide uniformity of the claims authority among the Government agencies. Although it is recognized that in many cases distinctions will exist between agencies in claims settlement as a result of functions, conditions of service and other factors, uniformity in the basic legislative authority appears most desirable. Policies prescribed by the President under Section 3(b)(1) of the Military Personnel and Civilian Employees' Claim Act of 1964, as amended, could resolve procedural and administrative differences among agencies.

Cost and Budget Data

The additional cost to the United States, if this proposal is enacted, cannot be determined with any degree of accuracy because of the unpredictability of world-wide incidents that cause substantial losses of employee's personal property. Our experience has been similar to that of the military services in that only a small percentage of claims have exceeded the \$6,500 limitation. Of the eighteen claims settled or pending since 1964 for the Department of State, Agency for International Development and United States Information Agency payable in excess of \$6,500 but for the existing limitation, the proposed legislation would involve a maximum expenditure of \$40,000 if enacted; a cost which the Government would also incur if Congress were to consider favorably a request to enact private relief legislation for these same claimants. It should also be mentioned that an increase in the statutory limitation from \$6,500 to \$10,000 would, based on past experience, provide full reimbursement to approximately 70 percent of those claimants who incurred losses in excess of \$6,500.

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UNCLASSIFIED		CONFIDENTIAL		SECRET	
OFFICIAL ROUTING SLIP					
TO	NAME AND ADDRESS		DATE	INITIALS	
1	OGC				
2	Mr. [REDACTED]				
3	D/Logistics 1206 Ames				
4					
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6					
ACTION		DIRECT REPLY		PREPARE REPLY	
APPROVAL		DISPATCH		RECOMMENDATION	
COMMENT		FILE		RETURN	
CONCURRENCE		INFORMATION		SIGNATURE	
Remarks: May we please have your comments by 28 April 1969 regarding an Agency position with respect to the attached draft bill "To amend the Military Personnel and Civilian Employees' Claims Act of 1964, as amended, with respect to the settlement of claims against the U.S. by civilian officers and employees for damage to, or loss of, personal property incident to their service." <div style="text-align: right;">JOHN M. MAURY Legislative Counsel</div>					
FOLD HERE TO RETURN TO SENDER					
FROM: NAME, ADDRESS AND PHONE NO.				DATE	
OLC 7D43 [REDACTED]				21 Apr 69	
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FORM NO. 1-67

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OFFICIAL ROUTING SLIP			
TO	NAME AND ADDRESS	DATE	INITIALS
1	Legislative Counsel 7D43 Hq.		
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ACTION	DIRECT REPLY	PREPARE REPLY	
APPROVAL	DISPATCH	RECOMMENDATION	
COMMENT	FILE	RETURN	
CONCURRENCE	INFORMATION	SIGNATURE	
Remarks: We are in full agreement. We have no changes.			
FOLD HERE TO RETURN TO SENDER			
FROM: NAME ADDRESS AND PHONE NO.			DATE
OGC/		7D07 Hq.	4Apr69
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FORM NO. 1-67 237

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GPO : 1968 O - 307-848

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CENTRAL INTELLIGENCE AGENCY


Office of Legislative Counsel
Washington, D. C. 20505
Telephone: 351-6121 (Code 143-6121)

30 July 1969

TO: Mr. William Harrison
Bureau of the Budget
9236 New Executive Office Building
Washington, D. C. 20503

Per our telephone conversation.

STAT


Assistant Legislative Counsel

cy of 2 May 1969 ltr to Miss Sweeney

FORM 8-68 1533 OBSOLETE
PREVIOUS EDITIONS

(40)

TRANSMITTAL SLIP		DATE	2 May 1969
TO: Mr. Maury			
ROOM NO.	BUILDING		
REMARKS: The draft bill would increase the maximum limitation on the authority to settle civilian claims for losses of personal property from \$6,500 to \$10,000. OGC & DD/S have indicated their support of the proposal. Recommend signature.			
<div style="border: 1px solid black; height: 40px; width: 100%;"></div>			
FROM:			
ROOM NO.	BUILDING	EXTENSION	

FORM NO. 241
1 FEB 55

REPLACES FORM 36-1
WHICH MAY BE USED.

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